++ Shipbuilding News ++

Rongsheng in Top5, first time!

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16916)

China's largest private-owned shipyard Rongsheng Heavy Industries has made its first entrance into global Top5 of newbuilding orderbook, as of the end of May, 2012. In the report from Clarkson Research, Samsung Heavy Industries' Geoje shipyard was placed in top with 6.96m cgt in Shipyard Orderbook for May, followed by Daewoo Shipbuilding & Marine Engineering's Okpo yard, Hyundai Heavy Industries' Ulsan and Gunsan yards and STX Offshore's Jinhae and Busan yards with 6.14m cgt, 5.29m cgt and 3.57m cgt, respectively. Top4, ranked by all South Korean shipyards, were stayed unchanged. However, Rongsheng, which used to be placed in the 6th until previous month, had first came up to the 5th with 2.98m cgt, pushing out South Korea's Hyundai Samho Heavy Industries (2.88m cgt) to the 6th. Hyundai Mipo Dockyard of South Korea took the 7th place with 2.85m cgt. Oshima Shipbuilding of Japan (1.95m cgt), Dalian Shipbuilding Industry Co of China (1.69 cgt) and Jinhai Heavy Industry of China (1.58m cgt) each took the eighth-to-tenth places.

Chinese yards see orders halved in January-May

(http://www.lloydslist.com/ll/sector/ship-operations/article401493.ece)

ORDERS at Chinese shipyards nearly halved in the first five months of this year, as overcapacity led to limited demand for newbuildings. According to data from the China Association of the National Shipbuilding Industry, China’s shipbuilders received orders comprising 9.5m dwt in the January-May period, down 47.3% from the year-ago level. As of end-May, the total orderbook of Chinese yards was 134.4m dwt, down 27% from a year ago and 10.4% from the end-2011 level. Cansi continued to see a weak shipbuilding market due to limited demand for tankers, bulkers and boxships, despite growing Chinese exports of offshore vessels, which accounted for only a small portion of the country’s sales. In the first five months of this year, China’s exports of commercial vessels fell 11.3% on year to Yuan102.6bn ($16.1bn), while its overseas sales of offshore vessels and relative equipments rose 42.7% to Yuan780m. Chinese shipyards built vessels totalling 22.5m dwt in the five-month period, down 10.1% from a year ago.

Wenchong inks Eco handy

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16930)

China State Shipbuilding Corp (CSSC)-affiliated Guangzhou Wenchong Shipyard has penned four 28,000-dwt bulkers from the US owner Seaboard Marine on June 16. The handysize bulkers, 175m in length, 27m in breadth and 12.7m, with 8m of design draft and 8.7m of scantling draft, meet the US Coast Guard's ballast water treatment requirements. Also these newbuildings are high-efficient eco-friendly vessels with low-sulfur fuels according to the US and EU's sulfur emission control areas. Meanwhile, with this newbuilding bulker project, Wenchong has signed a contract with the US owner for the first time and booked a cumulative of eight orders year-to-date on the book, which has reached a half of Wenchong's 2012 new order target.

++ Shipping News ++

Steel growth still stagnant

(http://www.tradewindsnews.com/drycargo/278995/steel-growth-still-stagnant)

Global steel production was largely unchanged for a second consecutive month in May, latest industry figures show. The World Steel Association (WSA) said global output reached 131mt last month, an increase of only 0.7% on a year ago. May’s figure is much lower than the 1.2% and 1.8% year-on-year growth seen in April and March respectively. China, the most important contributor to the global steel industry, saw crude steel output up by about 2.5% to 61.2mt. However, last week Chinese officials said that its steel production in 2012 is expected to be 700mt, only a 2% growth from last year’s record. Japan, which had seen strong growth in recent months on the back of reconstruction efforts, failed to sustain those levels in May. The country saw crude steel production of 9.2mt, which was 2% up on the same month last year, but largely unchanged from April. Elsewhere in Asia South Korea produced around 6mt, an increase of 2% compared to the same month last year. Europe’s economic woes appear to have taken their toll on the steel production at a number of member countries last month. Germany, normally the power house of the economic block, saw steel output drop by almost 10% on a year ago to 3.7mt. In Spain the situation was even worse with steel production down almost 14% for a second consecutive month to only 1.3mt.

South Korea reduces its Iran oil imports by 39% in May

(http://www.lloydslist.com/ll/sector/tankers/article401516.ece)

SOUTH Korea's imports of Iranian crude oil fell 39% year on year in May to 4m barrels as it cut back its purchases of Iranian in return for a waiver from US sanctions targeting Iran's nuclear programme. South Korea is the world's fourth-largest buyer of Iranian crude, but is preparing to all but suspend imports from Iran in July, when the European Union sanctions prohibiting insurance on Iranian oil shipments take effect. South Korea's oil shipments have dropped steadily this year, down 16% to 29.2m barrels per day at the end of May, according to data from state-run Korea National Oil Corp cited by Reuters. Earlier this month, the US extended an exemption from its tough sanctions law to South Korea and made similar concessions to Taiwan, India, Malaysia, Turkey, Sri Lanka and South Africa. Earlier, it exempted Japan and 10 European Union countries. The tough US law, signed late last year, targets financial institutions that deal with Iran's central banks. Most major banks enact transactions through the US central banking system. Being barred from access to this system would harm their businesses. The exemptions have been offered to US allies in return for voluntary reduction of Iranian imports.

Owners cut prices as yards' scrapping capacity becomes scarce

(http://www.lloydslist.com/ll/sector/ship-operations/article401508.ece)

SHIPOWNERS showed their willingness to sell at lower levels last week, as sentiment and rates in the demolition sector remained weak. Several dry vessels were sold at rates in the mid to high $300s per ldt, with tankers fetching $20 or $30 more and occasionally breaching the $400 per ldt mark. "There are more owners becoming realistic about the current market conditions and this has resulted in the conclusion of several sales at lower rates," said London-based Clarkson Research Services. One factor that is keeping prices down is the constant supply of vessels as owners faced with poor freight rates seek to dispose of vintage tonnage. The large number of vessels arriving for demolition at centres such as Chittagong and Alang means yard capacity is scarce. However, the lower prices mean breakers with space for a ship or two are pouncing on bargains wherever possible. "With a continually steady and willing supply of vessels mixed in with weak local fundamentals (in terms of) both currency and steel prices, there appears little hope of prices improving any time soon," said US-based cash buyer GMS.

Big users bet on more oil price falls

(http://www.ft.com/intl/cms/s/0/456e22c8-bed3-11e1-bebe-00144feabdc0.html#axzz1ysiYsVht)

Airlines, trucking companies and other big energy consumers are betting on further oil price falls, with many reluctant to lock in at current levels amid fears prices could plunge if the global economy weakens further. Consumers are largely on the sidelines of the oil market in spite of a 30 per cent drop in price, from $125 in March to $90 now, commodities bankers said. The price of Brent crude hit an 18-month low last week. Oil consumers fear the current slide in prices – largely due to slower economic growth in China, the main engine of oil demand, and the eurozone sovereign debt crisis – is only the beginning of a major sell-off. Saudi Arabia has this year boosted production to a 30-year high, further subduing prices. "If the global economy continues to deteriorate, I will not be surprised if we see more downward pressure on oil prices," Fatih Birol, chief economist at the International Energy Agency, the oil watchdog, told the Financial Times. Consumers' wait-and-see approach does not bode well for future oil prices as it removes a key source of forward buying, bankers said. It also mimics the behaviour of big consumers in late 2008 at the start of the global financial crisis, when they moved to the sidelines as prices plunged from an all-time high of nearly $150 to a low of $45.

++ Finance News ++

Citibank to hold expanded shipping book

(http://www.lloydslist.com/ll/sector/finance/article401535.ece)

CITIBANK is planning to hold on to its significantly expanding shipping exposure, following its purchase of a $2bn face-value chunk of Société Générale's shipping portfolio and its participation in syndicated loans to industry heavy hitters Sovcomflot and Angelicoussis Shipping. Recent moves by the US bank have left some rival bankers wondering whether the spate of deals presages a major new push into the shipping market, designed to take advantage of Citi's exceptionally low dollar funding costs, which give it an edge that most Europeans feel they cannot match. Given Citi's traditional use of the originate-to-distribute business model, there have also been suggestions that it would try to sell on the SocGen loans, perhaps to regional banks in the US. But the timing of recent developments is likely to be coincidental, indicating nothing more than Citi's continued willingness to do deals perceived as safe on the basis of their quality. Higher-risk clients, particularly in the dry bulk sector, may prove not to be as attractive a business proposition. One source said that he had spoken to senior Citi sources at the Posidonia show in Athens earlier this month and was left with no doubt about the company's intentions.

BP Sells Wyoming Gas Assets To Linn Energy For $1.03 Billion

(http://www.bloomberg.com/news/2012-06-25/linn-energy-to-buy-bp-s-jonah-field-acreage-for-1-03-billion.html)

BP Plc (BP/), the energy producer that's disposing of assets to help pay for the 2010 Gulf of Mexico oil spill, agreed to sell its stake in Wyoming natural-gas fields to Linn Energy LLC (LINE) for $1.03 billion. The deal, which includes the Jonah and Pinedale operations, brings BP's divestitures to about $24 billion since the start of 2010, with the target remaining at $38 billion by the end of next year, the London-based company said in a statement today. The sale includes proved reserves equivalent to about 730 billion cubic feet of gas. "This sale will allow us to realize the value of the mature Jonah assets and reinvest in higher growth opportunities in BP's North America gas business and elsewhere," Bob Dudley, BP's chief executive officer, said in a statement. It's the second time this year that Houston-based Linn has reached an agreement to buy fields from BP. BP is selling assets after setting aside about $37 billion to pay for the 2010 explosion at its Macondo well in the Gulf of Mexico, the biggest offshore oil spill in U.S. history. The company said June 1 that it plans to sell its half of TNK-BP, the Russian venture that accounts for about a quarter of its global output. It also plans to sell two refineries in the U.S. by the end of the year.

US dry stocks slide

(http://www.tradewindsnews.com/drycargo/278992/us-dry-stocks-slide)

US-listed dry bulk shares were among the hardest hit Monday as concerns grew about Europe's inability to resolve its debt woes. Eagle Bulk was the biggest loser with its stock off by over 13% and finishing the trading day at $3.14 per share. Peter Georgiopoulos' dry-bulk venture Baltic Trading was another stock that got hit, with its shares down over 9% on the day to $3.30 each. Other stocks seeing sizeable declines included NewLead Holdings as well as containership lessor Danaos Corp which were down 5.4% and 6% respectively. In contrast tanker stocks came off lightly with the worst performer being OSG which saw its shares slide 4.2% to $9.73. Boxships was one of the fewer gainers Monday as positive comments from Morgan Stanley pushed the stock up 3.2% to $8.07 per share. Analysts say markets remain sensitive to European headlines as the region’s spiraling debt crisis could wreak further havoc on a slowing global economy. Expectations for the European Union summit which starts on Thursday are low after Germany resisted pressure for common euro zone bonds or a flexible use of Europe’s rescue funds at a meeting of the region’s four biggest economies last week.